

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

**Statements of Assets and Fund Balance
Arising from Cash Transactions**

December 31, 2005 and 2004

Assets	2005	2004
Cash and cash equivalents	\$ 2,474,124	2,344,913
U.S. Treasury notes	14,632,355	13,652,466
Deposit	775	775
Total assets	\$ 17,107,254	15,998,154
Fund Balance		
Fund balance	<u><u>\$ 17,107,254</u></u>	<u><u>15,998,154</u></u>

See accompanying notes to financial statements.

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

**Statements of Revenues Collected,
Expenses Paid, and Change in Fund Balance**

Years ended December 31, 2005 and 2004

	2005	2004
Revenue collected:		
Assessments	\$ 2,541,856	2,988,896
Interest income	387,479	162,390
Liquidation proceeds and other	<u>1,207,054</u>	<u>1,516,230</u>
Total revenue collected	<u>4,136,389</u>	<u>4,667,516</u>
Expenses paid:		
Losses, net	2,245,610	2,168,704
Loss adjustment expenses	47,231	82,056
Refund of assessments	207,590	64,671
General and administrative	<u>526,858</u>	<u>578,919</u>
Total expenses paid	<u>3,027,289</u>	<u>2,894,350</u>
Revenue collected over expenses paid	<u>1,109,100</u>	<u>1,773,166</u>
Fund balance, beginning of year	<u>15,998,154</u>	<u>14,224,988</u>
Fund balance, end of year	<u>\$ 17,107,254</u>	<u>15,998,154</u>

See accompanying notes to financial statements.

NEBRASKA PROPERTY AND LIABILITY INSURANCE GUARANTY ASSOCIATION

Notes to Financial Statements

December 31, 2005 and 2004

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Nebraska Property and Liability Insurance Guaranty Association (the Association) was created in May 1971 by Nebraska state statute as a nonprofit, unincorporated legal entity. The purpose of the Association is to provide a method of payment for certain claims against insolvent insurance companies, to avoid financial loss to claimants or to policyholders in the state of Nebraska, to assist in the detection and prevention of insurer insolvencies, and to provide an association of insurers against which the cost of such protection may be assessed in an equitable manner. A majority of the Association's revenues are derived from Nebraska-based insurers.

(b) Basis of Accounting

The Association's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Under this basis, revenues are recognized when collected rather than when earned and certain expenditures are recognized when paid rather than when incurred. Consequently, assessments receivable from insurers and amounts due for supplies received, services rendered, or estimated unpaid claims are not included in the financial statements.

(c) Allocation of Revenue Collected and Expenses Paid

The Association attempts to specifically identify, to the degree allowable, all revenue collected and expenses paid. Thus, each liquidation receives its share of revenue and expense items directly related to it. The following items are, for the most part, specifically identifiable: assessments collected, losses paid, loss adjustment expenses paid, refund of assessments, and certain general and administrative expenses.

(d) Cash and Cash Equivalents

The Association classifies all highly liquid investments with an original maturity of three months or less when purchased as cash equivalents. At December 31, 2005 and 2004, cash equivalents consists of investment pool accounts.

(e) Investments

The Association carries its investments at cost. While the Association intends to hold its investments in debt securities to maturity, its ability to do so may be affected by the timing and amount of claims presented as a result of insurer insolvencies. A disposition of investment in debt securities may result in a realized gain or loss using a cash-basis method of accounting for the difference between fair value and cost of the security at the date of sale. The fair market value of U.S. Treasury notes was \$14,386,426 and \$13,468,478 at December 31, 2005 and 2004, respectively. Premiums paid and discounts received in connection with these investments are not amortized or accrued into interest income over the life of the investment. Rather, they are recorded as a component of net interest income at the maturity date.

(Continued)

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Notes to Financial Statements

December 31, 2005 and 2004

The U.S. Treasury notes mature as follows:

	<u>Cost</u>	Fair market value
2006	\$ 9,116,840	8,961,094
2007	5,515,515	5,425,332
	<u>\$ 14,632,355</u>	<u>14,386,426</u>

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by the length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2005 and 2004 were as follows:

	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
2005:						
U.S. Treasury notes	\$ 155,746	8,961,094	90,183	5,425,332	245,929	14,386,426
2004:						
U.S. Treasury notes	138,390	7,499,414	45,598	5,969,064	183,988	13,468,478

The unrealized losses on investments in U.S. Treasury notes were caused by interest rate increases. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. Because the Association has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

(f) Income Taxes

The Association is an instrumentality of the state of Nebraska and is a tax-exempt organization as described in Section 115 of the Internal Revenue Code.

(2) Assessments

The Association collects assessments from each member insurer (qualifying entities licensed to write insurance in the state of Nebraska) in proportion to the net direct written premiums of the member insurer in relation to the net direct written premiums of all member insurers. In addition, the Association may make an assessment for the purpose of meeting administrative costs and other general expenses not related to a particular impaired insurer. The member insurer may deduct one-fifth of the assessment each year for five years from its state premium tax liability. Should the Association recover any sum representing amounts previously written off by member insurers and offset against taxes, this recovered amount is paid by the Association to the director of insurance for the state of Nebraska. If the recovery is before the end of the year in which the assessment was made, the Association reimburses this amount directly to the member insurer and no premium tax offset is allowed.

(Continued)

NEBRASKA PROPERTY AND LIABILITY INSURANCE GUARANTY ASSOCIATION

Notes to Financial Statements

December 31, 2005 and 2004

(3) Claims

The Association is obligated only to the extent of the covered claims existing prior to the date a member insurer becomes an insolvent insurer or arising within 30 days after the member insurer has been determined insolvent. For a claim to be covered, it must arise out of and within the coverage of an insurance policy issued by the member insurer, and the claimant or insured must be a resident of the state of Nebraska or the property from which the claim arises must be permanently located in the state.

(4) Estimated Unpaid Claims (Unaudited)

As of December 31, 2005, the Association estimates unpaid claims to be as follows:

Insolvency	\$
Iowa National Mutual Insurance Company	184,079
American Mutual Insurance Company	273,476
Rockwood Insurance Company	444,829
Home Insurance Company	1,391,862
Commercial Compensation Casualty Company	57,054
Credit General Insurance Company	795,888
Acceleration National Insurance Company	48,610
Reliance Insurance Company	8,860,652
PHICO	1,834,977
Legion Insurance Company	4,135,355
Fremont Indemnity Insurance Company	1,174,237
Villanova Insurance Company	3,626
Casualty Reciprocal Exchange	112,650

These amounts are estimates, and the ultimate settlement of losses may vary from the amounts above. No representation is made by the Association that the ultimate liability may not be in excess of the above figures. Certain insolvencies have not had assessments levied as of December 31, 2005 to cover the estimated claims.

(5) Lease Commitments

The Association leases office space under a noncancelable operating lease that expires November 30, 2006. Total lease expense for office space was approximately \$12,900 and \$12,600 for the years ended December 31, 2005 and 2004, respectively. Future annual lease payments under terms of the lease are approximately \$12,100 in 2006.

(6) Refund of Assessments

The Association assesses member insurers for insolvencies based on case reserves estimated at the time of insolvency. The member insurers then offset the assessments against their respective premium tax liabilities. If such funds, including earned interest, are sufficient to cover the claim payments on the insolvencies, the Association's board of directors will authorize and pay a refund of assessments as reflected in the accompanying statements of revenue collected, expenses paid, and change in fund balance.

(Continued)

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**

Notes to Financial Statements

December 31, 2005 and 2004

(7) Line of Credit

In 2003, the Association entered into a revolving line of credit with a financial institution that provides for borrowings up to \$5,000,000. The line of credit expires in September 2006. Borrowings under the line of credit bear interest at the U.S. Bank prime rate. The Association had \$5,000,000 available for borrowings with no outstanding balances on this line of credit at December 31, 2005 or 2004.

Schedule 1

NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION
Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance
Year ended December 31, 2005

	M&W & Missouri General	Security Casualty	Excalibur	Aspen Indemnity	Ideal Mutual	Union Indemnity	Commercial Standard	Iowa National Mutual	Transit Casualty	Carriers	Midland	Carried forward
	12/1/1975	12/4/1981	9/5/1984	9/6/1984	2/7/1985	7/16/1985	10/4/1985	10/10/1985	12/4/1985	1/16/1986	4/3/1986	
Date of liquidation												
Revenue collected:												
Assessments	\$	—	—	—	—	—	—	—	—	—	—	—
Salvage and subrogation		—	—	—	—	—	—	—	—	—	—	—
Interest income		997	19,673	—	—	14,117	—	—	33,395	2,702	26,831	—
Liquidation proceeds and other		—	—	—	—	—	—	—	—	—	—	97,715
Total revenue collected		—	997	19,673	—	14,117	—	—	33,395	2,702	26,831	—
Expenses paid:												
Losses, net		—	—	—	—	—	—	6,933	—	—	—	6,933
Loss adjustment expenses		—	—	—	—	—	—	—	—	—	—	—
Refund of assessments		—	—	—	—	—	—	—	—	—	—	—
General and administrative		—	—	—	—	—	—	—	—	—	—	—
Total expenses paid		—	—	—	—	—	—	6,933	—	—	—	6,933
Revenue collected over expenses paid		—	997	19,673	—	14,117	—	—	26,462	2,702	26,831	—
Fund balance, beginning of year		—	44,198	872,023	—	625,729	—	—	1,483,068	119,790	1,189,309	4,334,117
Fund balance, end of year	\$	—	45,195	891,696	—	639,846	—	—	1,509,330	122,492	1,216,140	4,424,899

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**
**Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance**
Year ended December 31, 2005

Brought forward	American Drugists	Allied Fidelity	Mission	Mission National	Integrity	American Excel	American Inter- Insurance	American Mutual	American Mutual Liability	American Universal	Carried forward
Date of liquidation	4/30/1986	7/15/1986	2/24/1987	2/24/1987	3/24/1987	5/31/1988	8/31/1988	3/9/1989	3/9/1989	1/8/1991	
Revenue collected:											
Assessments	\$ 97,715	54	665	2,646	6,372	1,638	—	5,360	—	—	—
Interest income	—	—	—	(93,543)	(133,554)	3,763	—	—	118,711	157	115,527
Liquidation proceeds and other	—	—	—	—	—	—	—	—	—	—	(104,623)
Total revenue collected	<u>97,715</u>	<u>54</u>	<u>665</u>	<u>(90,897)</u>	<u>(127,182)</u>	<u>5,401</u>	<u>—</u>	<u>5,360</u>	<u>119,631</u>	<u>157</u>	<u>10,904</u>
Expenses paid:											
Losses, net	6,933	—	—	—	—	—	—	6,585	—	—	13,518
Loss adjustment expenses	—	—	—	—	—	—	—	—	—	—	—
Refund of assessments	—	—	—	—	—	—	—	—	—	—	—
General and administrative	—	—	—	—	—	—	—	—	—	—	—
Total expenses paid	<u>6,933</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,585</u>	<u>—</u>	<u>—</u>	<u>13,518</u>
Revenue collected over (under) expenses paid	90,782	54	665	(90,897)	(127,182)	5,401	—	(1,225)	119,631	157	(2,614)
Fund balance, beginning of year	4,334,117	2,384	29,495	166,647	348,565	72,602	—	240,347	35,442	6,941	5,236,540
Fund balance, end of year	<u>4,424,899</u>	<u>2,438</u>	<u>30,160</u>	<u>75,750</u>	<u>221,383</u>	<u>78,003</u>	<u>—</u>	<u>239,122</u>	<u>155,073</u>	<u>7,098</u>	<u>5,233,926</u>

Schedule I

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**
**Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance**
Year ended December 31, 2005

Brought forward	Edison	Western Employees	Rockwood	Employers Casualty	Professional Commonwealth General	United Community	Lutheran Benevolent	United Southern	American Eagle	Carried forward
Date of liquidation	2/20/1991	4/19/1991	8/26/1991	1/6/1994	4/7/1994	9/1/1995	11/10/1995	12/2/1996	9/18/1997	12/22/1997
Revenue collected:										
Assessments	\$ 115,327	—	—	9,781	—	—	—	—	—	—
Interest income	(104,623)	—	—	—	—	—	—	—	—	—
Liquidation proceeds and other	—	—	—	9,781	1,230	—	—	—	—	—
Total revenue collected	<u>10,904</u>	<u>—</u>	<u>—</u>	<u>9,781</u>	<u>1,230</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Expenses paid:										
Losses, net	13,518	—	—	16,944	—	—	—	—	—	30,462
Loss adjustment expenses	—	—	—	2,079	—	—	—	—	—	2,079
Refund of assessments	—	—	—	—	—	—	180,810	—	—	207,590
General and administrative	—	—	—	—	—	—	—	—	—	—
Total expenses paid	<u>13,518</u>	<u>—</u>	<u>—</u>	<u>19,023</u>	<u>—</u>	<u>—</u>	<u>180,810</u>	<u>—</u>	<u>—</u>	<u>240,131</u>
Revenue collected over (under) expenses paid	(2,614)	—	—	(9,242)	1,230	—	—	(180,810)	—	(26,780)
Fund balance, beginning of year	<u>5,236,540</u>	<u>—</u>	<u>—</u>	<u>441,559</u>	<u>54,487</u>	<u>51</u>	<u>—</u>	<u>180,810</u>	<u>—</u>	<u>26,780</u>
Fund balance, end of year	<u>\$ 5,233,926</u>	<u>—</u>	<u>—</u>	<u>432,317</u>	<u>55,717</u>	<u>51</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>535,610</u>
										<u>6,257,621</u>

Schedule I

NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION
Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance
Year ended December 31, 2005

	Brought forward	Comm	Credit General	Acceleration	HIH America	Reliance	PHICO	Home Insurance	Fremont Insurance	Legion Insurance	Villanova Insurance	Carried forward
	9/26/2000	Compensation	General	National	5/8/2001	10/3/2001	2/1/2002	6/13/2003	7/2/2003	7/28/2003	7/28/2003	
Date of liquidation												
Revenue collected:												
Assessments	\$ 138,355	8,440	38,844	5,304	—	2,222,766	19,246	13,594	—	259,884	—	2,501,548
Interest income	(104,623)	17,491	—	1,639	—	152,128	20,017	83,957	551,165	—	—	378,669
Liquidation proceeds and other						659,064	—					1,207,054
Total revenue collected	<u>33,732</u>	<u>25,931</u>	<u>38,844</u>	<u>6,943</u>	<u>—</u>	<u>3,033,958</u>	<u>20,017</u>	<u>116,797</u>	<u>551,165</u>	<u>259,884</u>	<u>—</u>	<u>4,087,271</u>
Expenses paid:												
Losses, net	30,462	8,838	61,048	—	—	912,668	476,157	76,861	194,072	472,106	—	2,232,212
Loss adjustment expenses	2,079	—	45	—	—	9,258	3,931	8	18,527	13,383	—	47,231
Refund of assessments	207,390	—	—	11,472	—	—	—	—	—	—	—	207,590
General and administrative	—	—	—	—	—	—	34,752	158,062	642	50,108	33,361	288,597
Total expenses paid	<u>240,131</u>	<u>8,838</u>	<u>72,565</u>	<u>—</u>	<u>—</u>	<u>956,678</u>	<u>638,150</u>	<u>77,511</u>	<u>262,707</u>	<u>519,050</u>	<u>—</u>	<u>2,775,630</u>
Revenue collected over (under) expenses paid	(206,399)	17,093	(33,721)	6,943	—	2,077,280	(618,133)	39,286	288,458	(259,166)	—	1,311,641
Fund balance (deficit), beginning of year	6,464,020	372,816	1,741,946	68,486	(86,287)	5,650,677	1,186,761	805,136	(545,578)	(155,331)	(3,874)	15,499,472
Fund balance (deficit), end of year	<u>6,257,621</u>	<u>390,909</u>	<u>1,708,225</u>	<u>75,429</u>	<u>(86,287)</u>	<u>7,727,957</u>	<u>568,638</u>	<u>844,422</u>	<u>(257,420)</u>	<u>(414,497)</u>	<u>(3,874)</u>	<u>16,811,113</u>

Schedule 1

NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION
Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance
Year ended December 31, 2005

	Brought forward	Casualty Reciprocal Exchange	Administrative	Total
Date of liquidation	8/18/2004			
Revenue collected:				
Assessments	\$ 2,501,548	—	40,308	2,541,856
Interest income	378,669	—	8,810	387,479
Liquidation proceeds and other	1,207,054	—	—	1,207,054
Total revenue collected	4,087,271	—	49,118	4,136,389
Expenses paid:				
Losses, net	2,232,212	13,398	—	2,245,610
Loss adjustment expenses	47,231	—	—	47,231
Refund of assessments	207,590	—	—	207,590
General and administrative	288,597	—	238,261	526,858
Total expenses paid	2,775,630	13,398	238,261	3,027,289
Revenue collected over (under) expenses paid	1,311,641	(13,398)	(189,143)	1,109,100
Fund balance (deficit), beginning of year	<u>15,499,472</u>	<u>(24,157)</u>	<u>522,839</u>	<u>15,998,154</u>
Fund balance (deficit), end of year	<u>\$ 16,811,113</u>	<u>(37,555)</u>	<u>333,696</u>	<u>17,107,254</u>

See accompanying independent auditors' report.

Schedule 2

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**
**Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance**
From inception to December 31, 2005

	Closed insolvencies	M&W & Missouri General	Security Casualty	Excalibur	Aspen Indemnity	Ideal Mutual	Union Indemnity	Commercial Standard	Iowa National Mutual	Carried forward
Revenue collected:										
Assessments	\$ 2,891,755	347,942	62,846	1,751,794	136,657	6,462	36,376	4,083,823	11,084,223	
Interest income	72,111	141,802	23,660	670,448	—	—	10,562	1,392,442	2,773,140	
Liquidation proceeds and other	4,427,989	151,500	51,369	981,914	138,673	568,489	428	—	2,786,062	9,106,424
Total revenue collected	<u>7,391,855</u>	<u>641,244</u>	<u>137,875</u>	<u>3,404,156</u>	<u>275,330</u>	<u>2,797,172</u>	<u>6,890</u>	<u>46,938</u>	<u>8,262,327</u>	<u>22,963,787</u>
Expenses paid:										
Losses, net	5,719,885	148,907	36,208	1,159,701	97,696	1,293,829	4,402	6,233	2,241,957	10,708,818
Loss adjustment expenses	33,611	8,786	3,150	16,711	1,104	25,121	—	454	84,463	173,400
Refund of assessments	1,613,817	454,061	20,189	1,137,421	138,048	619,134	—	29,913	4,083,323	8,096,406
General and administrative	24,542	29,490	33,133	198,627	38,482	219,242	2,488	10,338	342,554	898,396
Total expenses paid	<u>7,391,855</u>	<u>641,244</u>	<u>92,680</u>	<u>2,512,460</u>	<u>275,330</u>	<u>2,157,326</u>	<u>6,890</u>	<u>46,938</u>	<u>6,752,797</u>	<u>19,877,520</u>
Fund balance, end of year	\$ <u>—</u>	<u>—</u>	<u>45,195</u>	<u>891,696</u>	<u>—</u>	<u>639,846</u>	<u>—</u>	<u>—</u>	<u>1,509,530</u>	<u>3,086,267</u>

Schedule 2

NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION
Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance
From inception to December 31, 2005

	Brought forward	Transit Casualty	Carriers	Midland	American Druggists	Allied Fidelity	Mission	Mission National	Integrity	Carried forward
Revenue collected:										
Assessments	\$ 11,084,223	1,606,358	2,103,180	215,529	14,942	67,261	327,160	537,231	74,497	16,030,381
Interest income	2,773,140	114,596	1,296,700	—	79	2,183	122,875	88,930	12,882	4,411,385
Liquidation proceeds and other	9,106,424	130,296	539,727	2,272	2,359	68,815	250,014	422,618	78,715	10,601,240
Total revenue collected	<u>22,963,787</u>	<u>1,851,250</u>	<u>3,939,607</u>	<u>217,801</u>	<u>—</u>	<u>138,259</u>	<u>700,049</u>	<u>1,048,779</u>	<u>166,094</u>	<u>31,043,006</u>
Expenses paid:										
Losses, net	10,708,818	120,132	590,688	134,309	6,500	52,713	258,453	498,000	5,000	12,374,613
Loss adjustment expenses	173,400	7,327	8,189	256	—	441	1,545	—	—	191,158
Refund of assessments	8,096,406	1,501,224	1,983,551	207	(7,724)	26,570	277,057	269,117	60,278	12,146,408
General and administrative	898,896	100,075	141,040	83,029	16,166	28,375	87,244	—	83,091	1,498,194
Total expenses paid	<u>19,877,520</u>	<u>1,728,738</u>	<u>2,723,468</u>	<u>217,801</u>	<u>—</u>	<u>14,942</u>	<u>108,099</u>	<u>624,299</u>	<u>827,395</u>	<u>88,091</u>
Fund balance, end of year	<u>\$ 3,086,267</u>	<u>122,492</u>	<u>1,216,139</u>	<u>—</u>	<u>—</u>	<u>2,438</u>	<u>30,160</u>	<u>75,750</u>	<u>221,384</u>	<u>78,003</u>
										<u>4,832,633</u>

Schedule 2

NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION
Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance
From inception to December 31, 2005

	Brought forward	American Excel	American Inter-Insurance	American Mutual	American Mutual Liability	American Universal	Edison	Western Employers	Rockwood	Carried forward
Revenue collected:										
Assessments	\$ 16,030,381	221,317	309,980	1,198,966	74,949	40,080	149,999	45,000	1,100,000	19,171,672
Interest income	4,411,385	6,251	—	49,725	43,920	3,660	5,887	141	225,375	4,746,344
Liquidation proceeds and other	10,601,240	121,239	172,043	57,676	309,177	49,599	19,768	(954)	304,931	11,634,719
Total revenue collected	<u>31,043,006</u>	<u>348,807</u>	<u>482,023</u>	<u>1,307,367</u>	<u>428,046</u>	<u>93,339</u>	<u>175,654</u>	<u>44,187</u>	<u>1,630,306</u>	<u>35,552,735</u>
Expenses paid:										
Losses, net	12,374,613	127,727	123,047	743,633	5,063	—	44,350	17,721	976,477	14,412,631
Loss adjustment expenses	191,158	970	225	30,635	—	1,486	—	963	14,946	240,383
Refund of assessments	12,46,408	135,547	254,396	—	219,759	34,426	68,884	—	—	12,859,420
General and administrative	1,498,194	84,563	104,355	293,977	48,151	50,329	62,420	25,503	206,566	2,374,058
Total expenses paid	<u>26,210,373</u>	<u>348,807</u>	<u>482,023</u>	<u>1,068,245</u>	<u>272,973</u>	<u>86,241</u>	<u>175,654</u>	<u>44,187</u>	<u>1,197,989</u>	<u>29,886,492</u>
Fund balance, end of year	<u>\$ 4,832,633</u>	<u>—</u>	<u>—</u>	<u>239,122</u>	<u>155,073</u>	<u>7,098</u>	<u>—</u>	<u>—</u>	<u>432,317</u>	<u>5,666,243</u>

Schedule 2

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**
**Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance**
From inception to December 31, 2005

	Brought forward	Employers Casualty	Professional Commonwealth General	United Community	Lutheran Benevolent	United Southern	American Eagle	Comm Compensation	Carried forward
Revenue collected:									
Assessments	\$ 19,171,672	598,138	24,929	—	219,303	124,312	44,996	478,970	496,561
Interest income	4,746,344	158,859	1,469	—	31,878	15,492	6,980	83,153	19,771
Liquidation proceeds and other	11,634,719	265,281	(2,397)	5,197	30,755	14,396	15,507	70,375	140,142
Total revenue collected	<u>35,552,735</u>	<u>1,022,288</u>	<u>24,001</u>	<u>5,197</u>	<u>281,936</u>	<u>154,200</u>	<u>67,483</u>	<u>632,498</u>	<u>656,474</u>
Expenses paid:									
Losses, net	14,412,631	358,518	538	—	30,000	21,005	2,767	34,254	191,597
Loss adjustment expenses	240,383	5,219	—	—	4,051	874	—	3,861	8,106
Refund of assessments	12,859,420	527,742	—	(4,460)	177,696	64,671	26,780	—	262,494
General and administrative	2,374,058	75,033	23,412	9,657	70,189	67,650	37,936	58,773	13,651,849
Total expenses paid	<u>29,886,492</u>	<u>966,572</u>	<u>23,950</u>	<u>5,197</u>	<u>281,936</u>	<u>154,200</u>	<u>67,483</u>	<u>96,888</u>	<u>65,862</u>
Fund balance, end of year	<u>\$ 5,666,243</u>	<u>55,716</u>	<u>51</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>535,610</u>	<u>390,909</u>
									<u>6,648,529</u>

Schedule 2

NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION
Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance
From inception to December 31, 2005

	Brought forward	Credit General	Acceleration National	HIH America	Reliance	PHICO	Home Insurance	Fremont Insurance	Legion Insurance	Carried forward
Revenue collected:										
Assessments	\$ 21,158,881	2,938,217	74,999	—	9,463,500	2,349,945	930,585	—	747,074	37,663,201
Interest income	5,063,956	111,289	1,862	—	216,165	55,569	24,878	—	174	5,473,893
Liquidation proceeds and other	12,173,975	—	11,220	38,496	3,204,425	679,000	83,957	915,888	—	17,106,961
Total revenue collected	38,396,812	3,049,506	88,081	38,496	12,884,090	3,084,514	1,039,420	915,888	747,248	60,244,055
Expenses paid:										
Losses, net	15,051,310	1,058,010	7,951	86,485	4,547,580	1,552,268	178,842	1,061,172	1,055,731	24,599,349
Loss adjustment expenses	262,494	26,504	—	1,254	119,113	56,656	13,549	70,565	41,108	591,243
Refund of assessments	13,651,849	—	—	—	—	—	—	—	—	13,651,849
General and administrative	2,782,630	256,767	4,702	37,044	489,440	906,962	2,607	41,570	64,905	4,586,627
Total expenses paid	31,748,283	1,341,281	12,653	124,783	5,156,133	2,515,886	194,998	1,173,307	1,161,744	43,429,068
Fund balance (deficit), end of year	\$ 6,648,529	1,708,225	75,428	(86,287)	7,727,957	568,628	844,422	(257,419)	(414,496)	16,814,987

Schedule 2

**NEBRASKA PROPERTY AND LIABILITY
INSURANCE GUARANTY ASSOCIATION**
Combining Schedule—Revenue Collected,
Expenses Paid, and Change in Fund Balance
From inception to December 31, 2005

	Brought forward	Villanova Insurance	Casualty Reciprocal Exchange	Administrative	Total
Revenue collected:					
Assessments	\$ 37,663,201	—	—	824,998	38,488,199
Interest income	5,473,893	—	—	322,729	5,796,622
Liquidation proceeds and other	17,106,961	—	—	89,371	17,196,332
Total revenue collected	<u>60,244,055</u>	<u>—</u>	<u>—</u>	<u>1,237,098</u>	<u>61,481,153</u>
Expenses paid:					
Assessments	24,599,349	3,874	37,555	—	24,640,778
Losses, net	591,243	—	—	—	591,243
Loss adjustment expenses	13,631,849	—	—	—	13,631,849
Refund of assessments	4,586,627	—	—	903,402	5,490,029
General and administrative	<u>43,429,068</u>	<u>3,874</u>	<u>37,555</u>	<u>903,402</u>	<u>44,373,899</u>
Total expenses paid					
Fund balance (deficit), end of year	<u>\$ 16,814,987</u>	<u>(3,874)</u>	<u>(37,555)</u>	<u>333,696</u>	<u>17,107,254</u>

See accompanying independent auditors' report.